Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL

In the Matter of	)	
	)	
1997 Annual Access Tariff Filings	)	Bell Atlantic Transmittal No. 970
	)	NYNEX Transmittal No. 455
Bell Atlantic Telephone Companies	)	
Tariff F.C.C. Nos. 1, 2, 4, 5 and 8	)	CC Docket No. 97-149

RECEIVED

DEC 3 1 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**PETITION FOR RECONSIDERATION
OF BELL ATLANTIC**

Edward D. Young, III
Michael E. Glover
    Of Counsel

Edward Shakin

1320 North Court House Road
Eighth Floor
Arlington, VA 22201
(703) 974-4864

Attorney for the
Bell Atlantic Telephone Companies

December 31, 1997

TABLE OF CONTENTS

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
1997 Annual Access Tariff Filings	)	Bell Atlantic Transmittal No. 970
	)	NYNEX Transmittal No. 455
Bell Atlantic Telephone Companies	)	
Tariff F.C.C. Nos. 1, 2, 4, 5 and 8	)	CC Docket No. 97-149

PETITION FOR RECONSIDERATION
OF BELL ATLANTIC[1]

Bell Atlantic respectfully submits that the Commission's decision in this

proceeding erroneously required it to refund certain common line charges paid by long

distance carriers under its 1997 access tariff without providing an opportunity to recover

its admittedly legitimate common line costs from other customers that the Commission

concluded should have paid them. As such, it must be reconsidered.

In its order here,[2] the Commission for the first time adopted a requirement that

Bell Atlantic and other local exchange carriers ("LECs") must allocate their common line

costs between the common line rates paid by long distance carriers and those paid by end

---

[1]   The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-
Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell
Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C.,
Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New
England Telephone and Telegraph Company. The first seven listed carriers operate
subject to the interstate tariff Bell Atlantic FCC No. 1. The other two carriers, the former
NYNEX companies, operate subject to the interstate tariff NYNEX FCC No. 1.

[2]   Memorandum Opinion and Order, CC Dkt. No. 97-149 (rel. Dec. 1, 1997)
("1997 Access Order").

users in a specific manner. Rather than merely apply this new requirement prospectively, however, the Commission held that the 1997 tariffs filed by certain local exchange carriers, including the former NYNEX companies,[3] incorrectly allocated too much of their common line costs to the rates paid by long distance carriers and too little to end user rates. Based on this conclusion, it ordered refunds in the amount that it determined long distance carriers had overpaid.

Yet, despite the fact that the total amount that these local exchange carriers were entitled to recover through their common line rates was never in dispute, and despite the fact that the Commission itself declined to provide any guidance on how these amounts should be allocated between classes of customers, the Commission refused to provide any opportunity to recover these admittedly legitimate amounts from the very customers that it ultimately concluded should have paid them – namely, end users. In doing so, the Commission violated not only its own rules and basic principles of administrative law, but it also violated the fundamental tenets of due process by penalizing the local exchange carriers for failing to comply with a requirement it had not yet adopted. The decision must be reconsidered for these reasons alone.

In addition, however, the Commission's newly adopted method of allocating common line costs, and the assumptions that underlie it, are themselves fundamentally flawed. In fact, the Commission's new allocation method produces results that are dramatically less accurate than produced by the method employed by Bell Atlantic. As a

---

[3]   While the order also includes the seven original Bell Atlantic telephone companies, the Commission's newly adopted allocation method did not result in any changes in their common line costs. *See* Bell Atlantic Transmittal No. 1016, Workpaper BFP-S (filed Dec. 17, 1997).

result, the Commission's order should be reconsidered for these additional reasons as well.

I. The Commission's Order is Inconsistent With its Own Price Cap Rules and is Unreasonable.

Under the Commission's price cap rules, the total amount to be recovered in the Common Line basket is determined by the allowable price cap for that basket. This amount is unrelated to current regulatory accounting costs, and is instead adjusted annually based on the price cap formula. The level of the Common Line Basket cap – and therefore the total amount that Bell Atlantic was entitled to recover from the services in this basket -- was never challenged and was not at issue in this investigation.

Instead, the investigation order addressed only "the *allocation* of an incumbent LEC's projected common line revenue requirements between the carrier common line (CCL) rate elements and the end user common line (EUCL) element."[4] That allocation is based on a per-line interstate cost estimate that, in turn, is based on two projections: one for the amount of costs to be recovered from revenues in the common line basket (the so-called "base factor portion"); one for the expected demand for the common line elements. The long distance carriers claimed that their residual CCL charges were too high because the LECs had underestimated the BFP, thereby setting the cost-based limits on EUCLs paid by end-users too low.[5] As a result, they argued that the common line rates paid by

---

[4]   *1997 Annual Access Tariff Filings*, 8 Comm. Reg. (P&F) 1113, ¶ 14 (Com. Car. Bur. 1997) (emphasis added and footnote omitted).

[5]   Under the Commission's rules, the BFP sizes the maximum amount to be recovered through EUCL charges. Those charges are also subject to an independent cap. The actual EUCL rate is the lower of the cap or the amount calculated based on BFP projections.

long distance carriers should be lower, and those paid by end users should be correspondingly higher.

Ultimately, the Commission agreed, based on a new method of allocating common line costs among these two classes of customers that it adopted for the first time here. Rather than merely adjusting this allocation on a going forward basis, however, the Commission required certain LECs to refund common line charges paid by long distance carriers without providing a method to recover that same amount – which no one disputed they were entitled to recover – from end-users. By doing so, the Commission has violated its own price cap rules.[6] Rather than being permitted to recover amounts up to the cap imposed on their revenues from the common line basket, the affected LECs are limited to the difference between the cap and the refund ordered by the Commission. Yet, the Commission provided no explanation for this radical departure from its price cap rules, and never even so much as acknowledged that it has effectively reduced the cap for the affected period.

As the courts have made clear, however, while the Commission "may choose to establish new principles in either a rulemaking or an adjudication, due process must be satisfied in each case."[7] Here, by announcing new requirements that local exchange carriers should have followed – after the fact and without providing them an opportunity to cure – the Commission has effectively imposed a penalty on these carriers for failing to

---

[6]   *See* 47 C.F.R. § 61.45(c).

[7]   *Mobil Exploration and Producing North America, Inc. v. Federal Energy Regulatory Commission*, 881 F.2d 193, 199 (5th Cir. 1989).

guess with absolute precision what the Commission would require, all in violation of the most fundamental notions of due process.[8]

Moreover, even beyond the patent legal defects, the Commission's order is equally flawed as a matter of policy. By looking only to whether the allocation of common line costs produced rates for long distance carriers that were too high, the Commission has effectively created an incentive for local exchange carriers to intentionally err on the side of allocating too much of these costs to end user rates (and too little to long distance carriers) to protect themselves in the future. Yet, at the same time, it leaves them at risk that the Commission will later conclude that this too requires refunds, with no opportunity to cure. In short, the Commission has left local exchange carriers in a Catch 22, with no way to protect themselves.[9]

This result is particularly egregious in cases such as the present, where Bell Atlantic affirmatively sought – and was denied – guidance from the Commission as to the correct way to allocate costs between the common line rates paid by long distance carriers and end users respectively. By contrast, in its order on the 1993-96 annual access tariffs, the Common Carrier Bureau justified converting a similar issue concerning an *allocation*

---

[8] *See, e.g., Association of Accredited Cosmetology Schools v. Alexander*, 979 F.2d 859, 864 (D.C. Cir. 1992) (rule is impermissibly retroactive if, *inter alia*, it "'creates a new obligation, imposes a new duty, or attaches a new disability in respect to transactions or considerations already past.'" (quoting *Society for Propagating the Gospel v. Wheeler*, 22 F. Cas. 756, 767 (C.C.D. N.H. 1814 (Story, J.)).

[9] This is especially of concern now, as these same long distance carriers have filed objections to the access reform implementation tariffs that lower long distance carrier access rates by creating new cost-based rate elements for end-users. The long distance carriers are arguing that a greater burden be put on end-users so that they may pay lower rates.

of costs among rates into an absolute reduction in rates by arguing that the "balance of the equities" went against the LECs because they "chose to disregard" prior directives, and therefore assumed the risk.[10] Regardless of the merits of the decision on the facts of that case,[11] there can be no question that LECs did not assume the risk here. The decision that is the subject of this petition is the first time that the Commission has required local exchange carriers to use any specified method of calculating the base factor portion used to allocate common line costs between classes of customers. Moreover, Bell Atlantic repeatedly sought guidance in meetings and in written filings at the start of the Commission's tariff review just to avoid the present situation.[12] The Commission, however, provided no guidance either as to the "correct" way that the allocation should be performed or as to any interim adjustment that Bell Atlantic could make to avoid a later penalty.

The only justification provided by the Commission's order for imposing a penalty on Bell Atlantic under these circumstances is the speculation that local exchange carriers might bias their calculations in order to under allocate common line costs to end user rates if there was a chance they might benefit financially by doing so. But this

---

[10]   *1993-1996 Annual Access Tariff Filings,* 12 FCC Rcd 8349, ¶¶ 16-17 (Com. Car, Bur. 1997).

[11]   The decision is the subject of a pending application for review. *1993 Annual Access Filing*, CC Dkt. No. 93-193, Phase I, Part II, Bell Atlantic Application for Review (filed July 25, 1997).

[12]   *See* CC Docket No. 97-149, *Ex Parte* Letters to Mr. Brad Wimmer (filed July 18, 1997) (discussing the 1993 decision and Bell Atlantic's concern over the potential that an "allocation type error" not be turned into a refund opportunity); and Mr. William Caton (filed Aug. 14, 1997) (reflecting meeting with senior Bureau staff to clarify that the BFP calculation "is an issue of allocation between rate elements within the Common Line basket, and not one of overall rate levels").

speculation is explicitly tied to an erroneous factual assumption – namely that local exchange carriers would be better off if "the growth in minutes per line does not drop below one-half the base period growth in minutes per line (g/2)."[13] In other words, the Commission assumes that the allocation of common line costs between classes of customers is not a "zero sum game," *because* it assumes that actual growth will exceed the amount of growth removed by operation of the price cap formula. On the contrary, for the former NYNEX companies, actual growth has varied from year to year and there is no basis to assume that future growth will always exceed g/2.[14]

Moreover, even when growth has exceeded g/2, the Commission's presumption ignores the impact of the caps on EUCL rates. For the former NYNEX companies, all EUCL rates (including multiline business rates) already were at their cap in the two most recently completed tariff years, meaning that all additional common line costs had to be recovered through common line charges to long distance carriers. As a result, even if the amount of common line costs allocated to charges paid by long distance carriers was too low, it ultimately could have no impact on rates. Because end user rates were at the cap, those amounts would have to have been paid by long distance carriers anyway.

II.   The Finding Of A Biased NYNEX Projection Was Erroneous.

In finding that the calculation underlying the former NYNEX tariff companies allocation of common line costs was unreasonable, the Commission performed two statistical tests. Both were flawed, and a corrected review provides no support for the

---

[13]   1997 Access Order at ¶ 22.

[14]   See Exhibit 1.

Commission's findings.

a. "Sign" Test

The first test performed by the Commission, the so-called "sign" test, simply compared the direction (but not the size) of year to year forecast errors for each of the LECs. The Commission found that there may be a "systematic downward bias" for the LECs as a group because the carriers "underestimated their per-line BFP revenue requirement far more often than they overestimated it."[15] In fact, the Commission's own analysis does not support this conclusion with regard to the former NYNEX companies. In their case, there was an underestimation in five out of six years (meaning that the amount projected by NYNEX at the start of the year turned out to be lower than the actual amount by the end of the year). Even accepting the Commission's assumption that the direction of the estimation error should be a random event, the results should have probabilities similar to an unbiased coin flip. The probability for flipping heads five or more times in six tries is 10.94%.[16] To evaluate whether a result with this probability came about by chance (rather than a rigged coin, or in this investigation, a faulty projection model) requires a measure of statistical significance. In its second test, the Commission applied a confidence interval as a measure of statistical significance to assure that if a LEC fails that test it "will not be due to chance."[17] For example, using the typical 95% confidence interval, only where an event would happen less than 5% of the time would the event be considered statistically significant. When reviewing the sign

---

[15]   1997 Access Order at ¶ 43.

[16]   *See* 1997 Access Order, Appendix B at B-4.

[17]   1997 Access Order at ¶ 47.

test, however, the Commission offered no standard for statistical significance. Applying the 95% confidence standard to the Commission's "sign" test demonstrates that the NYNEX results cannot be said to have a statistically significant difference from random results.[18]

This conclusion should not be surprising. Absent perfect clairvoyance, *any* projection will miss the actuals in one direction or another. With only six samples, it is not unusual to have several errors in the same direction, just as one could not assume a coin flip was rigged if heads came up five out of six times. Indeed, the odds of a perfectly equal number of high and low forecasts is less than a third. Thus, it is probable that in six attempts, random errors will predominate one direction or the other.

The Commission only examines whether the results are biased downward because it is seeking support for its flawed assumption that LECs profit from an error in that direction. An unbiased inquiry as to the chances for five or more out of six errors going in the same direction shows that there is almost a one out of four chance,[19] hardly the statistical anomaly assumed in the order.

b. "Difference in the Means" Test

The second test performed by the Commission was the so-called "difference in the

---

[18]   In its second test, the Commission found that a difference was only statistically significant where it could be stated with 90% confidence. While use of such a wide confidence interval increases the chances of erroneously finding that a random event was due to bias, and thus would be inappropriate here (see p. 10, *infra*), the Commission's conclusions on the sign test fail even that standard.

[19]   The chances of five or more forecasts with an error in the same direction is the probability of five or more in one direction (10.94%) plus five or more in the other direction (10.94%) for a total of 21.88%.

means" test. In this test the Commission makes several errors that undermine the reliability of the results. First and foremost, the Commission relies on its flawed presumption that local exchange carriers' calculations were biased and tests only as to whether the LEC projections are too low. This contrasts sharply with an unbiased inquiry, which would test simply whether the projections are faulty, in one direction or the other.[20] That two sided inquiry demands a different statistical test than relied upon here and produces markedly different results.[21]

Moreover, the order relied on a flawed 90% confidence interval as its test for statistical significance. Statisticians normally apply a 95% or 99% test, in an effort to avoid the error of treating a difference that is due to chance as a statistically significant pattern.[22] That is especially important here, where the Commission has ordered refunds based on a statistical analysis using a very limited sample.

---

[20] Indeed, that is the inquiry the Commission itself claimed to undertake, asking LECs to "explain fully any pattern of significant and consistent over- or under-estimation of their BFP revenue requirements." 1997 Access Order at ¶ 16.

[21] In technical terms, the difference is between the so called "one-tailed" t test performed by the Commission, and the more appropriate two tailed t test that would answer the broader question. *See* Exhibit 2 for a discussion of the difference.

[22] *See* R. Clarke, A. Coladarci & J. Caffrey, *Statistical Reasoning and Procedures*, 203 (Charles E. Merrill Books 1965). "There is a group of more conservative researchers who believe that the null hypothesis [the norm being put to a statistical test – here whether the differences between projections and actuals could be considered random] should never be rejected unless the obtained probability is less than .01 [a 99% confidence interval]. On the other hand, there is a sizable group who would reject the null hypothesis whenever the obtained probability is less than .05 [a 95% confidence interval]. The group who would reject the null hypothesis whenever the obtained probability is less than .10 [the 90% confidence interval used in the order], is fairly small."

Using the Commission's methodology and standards modified only to reflect a two sided test and 95% confidence interval, NYNEX passes the test.[23] Thus, after correcting for errors, the Commission's own test supports the reasonableness of the NYNEX projections.

III. The Method Adopted By The Commission To Allocate Common Line Costs Is Less Accurate Than The Method Used By Bell Atlantic.

Not only is the statistical evaluation of the NYNEX tariff fatally flawed, but the substitute method adopted by the Commission for the first time here is actually a step backwards in terms of accuracy. When the Commission's newly adopted autoregression model is run for prior years, the results are much less accurate than NYNEX's actual projections for that period.[24] For example, when the model results are compared to the most recent year of actual results, the FCC model produces a 21% error. In contrast, the NYNEX model produces only a 5.7% error. Indeed, the *average* error by the FCC model is larger than *any* of the errors made by NYNEX. The order's "cure" is worse than the "disease" – whether real or imagined.

Moreover, by running an autoregression on the final BFP per line cost, the Commission collapses two separate projections – one for the revenue requirement and the other for demand – into a single autoregression. But there is absolutely no basis – even under the Commission's own theories – to require a "corrected" formula to project demand. The demand projections used in the NYNEX tariff were not challenged, and the demand forecasts for the combined new Bell Atlantic during the prior year varied from

---

[23]   *See* Exhibit 2 for the revised t test.

[24]   *See* Exhibit 3.

actual results by less than 1%.[25] Based on that remarkable record, even MCI was forced

to acknowledge that such forecasts were "relatively accurate."[26] Not surprisingly given

this record, the Commission's order did not find that the demand projections were

unreasonable. Nevertheless, the order requires an autoregression that includes a demand

projection. If the Bell Atlantic demand projections are used and the Commission's

autoregression model is only applied to costs, the final per line forecast drops from $6.48

to $5.83 – less than (but very close to) NYNEX's own projection of $5.92.[27] As a result,

the Commission's own method for allocating common line costs, when correctly applied,

actually confirms that NYNEX's projections were accurate.

---

[25]   *See* Bell Atlantic Direct Case at Exhibit 33-1-D. The NYNEX tariff
companies' demand alone varied by 0.57%. Bell Atlantic Direct Case at Exhibit 31-N-1.

[26]   MCI Opposition at 7. AT&T apparently also had nothing to find fault
with, and remained silent on the subject.

[27]   *See* Exhibit 4.

Conclusion

For the foregoing reasons, the Commission should reconsider its order in this proceeding.

Respectfully submitted,

Edward D. Young, III
Michael E. Glover
    Of Counsel

Edward Shakin

1320 North Court House Road
Eighth Floor
Arlington, VA 22201
(703) 974-4864

Attorney for the
Bell Atlantic Telephone Companies

December 31, 1997

Exhibit 1

BELL ATLANTIC
THERE HAS BEEN VARIABILITY IN THE G FACTOR OVER TIME

NYNEX ANNUAL FILING G FACTORS

ITEM	SOURCE	NE	NY	NYNEX
1991 ANNUAL FILING	Transmittal #24, TRP PCI-1, Ln 20	6.4%	5.5%	
1992 ANNUAL FILING	Transmittal #89, TRP PCI-1, Ln 20			3.2%
1993 ANNUAL FILING	Transmittal #201, TRP PCI-1, Ln 20			4.5%
1994 ANNUAL FILING	Transmittal #294, TRP PCI-1, Ln 20			2.2%
1995 ANNUAL FILING	Transmittal #388, TRP PCI-1, Ln 20			3.8%
1996 ANNUAL FILING	Transmittal #420, TRP PCI-1, Ln 20			3.6%
1997 ANNUAL FILING	Transmittal #455, TRP PCI-1, Ln 20			1.7%

Exhibit 2

Discussion on Two-Tail Tests

A two-tailed test is used when "too much" or "too little" are important. For example, a pharmaceutical company wants to test a new drug. It will sample pairs of patients - those treated and those not treated with the drug (the latter being the control group). The hypothesis is that the drug is not different from the control group. If it is significantly different from the control group, then the drug's reaction may have consequences in either direction - e.g., it may be harmful or helpful to patients. For this reason, a two-tailed test is appropriate.

This is the case for the FCC's hypothesis tests. The FCC recognizes that "the 1997 *Designation Order* required the price cap LECs to explain fully any pattern of significant and consistent over- or under-estimation of their BFP revenue requirements that emerged from this analysis."[1] In other words, the charge was not to look in one direction, but to test for significant error in either direction. This is the base-line or null hypothesis that the FCC sets before analyzing the data - namely, that it seeks to test for both under- and over-estimation.

In its sign test, the FCC states that it would expect the number of positive and negative results should be evenly distributed.[2] This is consistent with its earlier stated hypothesis and is consistent with the requirement of the *1997 Designation Order*. Similarly, in its means test, the FCC states that it is testing to see if error is significantly different from zero.[3] Here the test is for significance of the error (e.g., its size, not its direction).

In contrast, a one-tailed test only considers only one direction - e.g., "too little" is bad, and that "too much" is without consequence. This does not fit the FCC's null hypothesis nor does it fit the reality of what happens if there is an over-prediction, namely that end-users will pay too much.

Contrary to the stated reasoning that errors are randomly distributed, the FCC employs a one-tailed test, thus changing the nature of the test based on the reaction to the results. Such a shift is contrary to the rules for statistical testing:

> "Even when vague and unspecified, the formulation of the alternative
> hypothesis is no trivial matter: It determines whether a one-tail or a two-tail test
> is appropriate. Once formulated, one should stick with it. It is incorrect,

---

[1] 1997 Access Order, ¶ 16.

[2] *Id.* ¶ 40

[3] *See id.*, ¶¶ 44, 45, 46. The Order also recognizes the need for balance between long distance carriers and end-user interests. *Id.*, ¶ 47. This suggests that the consequences of forecast error go in both directions.

perhaps one would say fraudulent, to view the evidence first and then formulate the alternative."[4]

Using the appropriate two-tailed test, NYNEX's t value of 2.404 is less than the critical level of 2.571.[5] Thus, NYNEX passes the test indicating that its forecast error is not significantly different from zero. This fulfills the FCC's requirement stemming from the 1997 *Designation Order*, since no significant over- and under-estimation exists.

---

[4] J. Boot and E. Cox, "Statistical Analysis for Managerial Decisions," 251 (2nd ed., McGraw-Hill Co. 1970).

[5] R. A. Fisher and F. Yates, "Statistical Tables for Biological, Agricultural, and Medical Research," Table III (6th ed., Oliver and Boyd Ltd. 1963) (cited in Boot and Cox, p. 633.)

BELL ATLANTIC
NYNEX's PER LINE FORECASTS ARE MORE ACCURATE THAN FCC METHOD WHEN COMPARED TO ACTUALS

Exhibit 3

COMPARISION OF FCC AUTOREGRESSION FORECAST TO NYNEX FORECAST

LN ITEM	SOURCE	A ACTUAL	B NYNEX FORECAST	C = B - A NYNEX ERROR	D FCC AUTOREGRESSION METHODOLOGY FORECAST	E = D - A FCC AUTOREGRESSION METHODOLOGY ERROR
1 1994/1995 BFP PER LINE	See Notes A, B, D	$6.52	$6.24	($0.28)	$0.84	($5.68)
2 1995/1996 BFP PER LINE	See Notes A, B, D	$7.02	$6.16	($0.86)	$6.41	($0.61)
3 1996/1997 BFP PER LINE	See Notes A, B, D	$5.80	$6.13	$0.33	$7.03	$1.23
4 AVERAGE ANNUAL ERROR	(Ln1 + Ln2 + Ln3) / 3			($0.27)		($1.69)

NOTES:
A   FCC 97-403, Table A1
B   FCC 97-403, Table A1
D   Bell Atlantic first replicated the FCC prescribed $6.48 (see Exhibit 4, Ln1 - Ln13, Col A) and used same method for 94/95, 95/96, 96/97
    using actual per line data from FCC 97-403, Table A1

Exhibit 4

BELL ATLANTIC
FCC METHOD PRODUCES RESULTS THAT SUPPORT NYNEX FORECAST WHEN USED ON REVENUE REQUIREMENT

REPLICATION OF FCC
PER LINE AUTOREGRESSION
THOUSANDS (Except as Noted)

			A	B
			PER LINE FORECAST	
LN	ITEM	SOURCE	DEPENDANT	INDEPENDANT
1	1991 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$6.28	
2	1992 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$6.06	$6.28
3	1993 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$6.20	$6.06
4	1994 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$6.66	$6.20
5	1995 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$7.12	$6.66
6	1996 ACTUAL BFP PER LINE	FCC 97-403, Table A6	$6.03	$7.12
7	INTERCEPT	See Note 1	6.668819507	
8	X VARIABLE 1	See Note 2	-0.039219306	
9	1997 AUTOREGRESSION FORECAST	See Note 3	$6.43	$6.03
10	1998 AUTOREGRESSION FORECAST	See Note 4	$6.42	$6.43
11	FCC AUTOREGRESSION 97/98 PER LINE FORECAST	(Ln 9 + Ln 10) / 2	$6.42	
12	PAY TEL AND OB&C 97/98 PER LINE ADJUSTMENT	FCC 97-403, Table A7, Note	$0.06	
13	FCC PRESCRIBED 97/98 PER LINE FORECAST	Ln 11 + Ln 12	$6.48	
14	FCC AUTOREGRESSION 97/98 REV REQ FORECAST	See Note 5	1,229,233	
15	NYNEX 97/98 DEMAND FORECAST	FCC 97-403, Table A11	17,563	
16	FCC AUTOREGRESSION REV REQ FORECAST / NYNEX DEMAND FORECAST	Ln 14 / Ln 15 / 12	$5.83	
17	NYNEX 97/98 PER LINE FORECAST	1997 ANNUAL FILING	$5.92	

NOTES:
1 Excel INTERCEPT function using lines 1 - 6, Col A and B as inputs
2 Excel SLOPE function using lines 1 - 6, Col A and B as inputs
3 Ln 7,Col A + (Ln 9, Col B * Ln 8, Col A)
4 Ln 7,Col A + (Ln 10, Col B * Ln 8, Col A)
5 Same method as lines 1 - 13 using revenue requirement data from FCC 97-403, Table A8 and PayTel adjustment from A7

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of December, 1997 a copy of the foregoing "Petition for Reconsideration of Bell Atlantic" was sent by first class mail, postage prepaid, to the parties on the attached list.

Tracey M. DeVaux
Tracey M. DeVaux

* Via hand delivery.

James Schlichting*
Chief, Competitive Pricing Division
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

Chief, Common Carrier Bureau*
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Judy Nitsche*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

A. Richard Metzger, Jr.*
Federal Communications Commission
1919 M Street, NW
Room 500
Washington, DC 20554

Dan Abeyta*
Federal Communications Commission
1919 M Street, NW
Room 518
Washington, DC 20554

ITS, Inc.*
1919 M Street, NW
Room 246
Washington, DC 20554

Mark Rosenblum
AT&T Corporation
Room 3245I1
295 North Maple Avenue
Basking Ridge, NJ 07920

Alan Buzacott
MCI Telecommunications Corp.
1801 Pennsylvania Avenue, NW
Washington, DC 20554

Michael Pabian
Counsel for Ameritech
Room 4H82
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025

Benjammin Dickens, Jr.
Blooston, Mordkofsky
2120 L Street, NW
Washington, DC 20037

Counsel for Chillicothe Telephone Company

Gail Polivy
GTE Service Corporation
1850 M Street, NW
Suite 1200
Washington, DC 20036

Michael Shortley III
Frontier Telephone Companies
180 South Clinton Avenue
Rochester, NY 14646

Paul Feldman
Fletcher, Heald & Hildreth
11 Floor
1300 North 17th Street
Rosslyn, VA 22209-3801

Counsel for Roseville Telephone Company

Jay C. Keithley
Rikke K. Davis
1850 M Street, NW
Suite 1100
Washington, DC 20036

Wendy S. Bluemling
Director-Regulatory Affairs
SNET
227 Church Street
New Haven, CT 06510

Robert M. Lynch
Southwestern Bell Telephone Company
One Bell Center
Room 3524
St. Louis, MO 63101

Nancy Woolf
Pacific Bell/Nevada Bell
140 New Montgomery Street
Room 1522A
San Francisco, CA 94105

Richard Karre
James Hannon
Suite 700
1020 19th Street, NW
Washington, DC 20036

Counsel for US West

Robert Mazer
Vinson & Elkins
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1008

Counsel for Aliant Communications Company

Emmanuel Staurulakis
John Staurulakis
56315 Seabrook Road
Seabrook, MD 20706

Counsel for Concord Telephone Company

Joe Edge
Drinker, Biddle & Reath
Suite 901
901 15th Street, NW
Washington, DC 20005

Counsel for Puerto Rico Telephone Company